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FIRST COUNTRY COOPERATION FRAMEWORK FOR NIUE (1997-2001)

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INTRODUCTION

1. Preparation of the Country Cooperation Framework (CCF) began immediately following final submission of the UNDP advisory note to the Government of Niue in May 1997. The CCF draws on the UNDP advisory note and aims at laying out the nature, focus and financial scope for UNDP cooperation in Niue, and outlining the main strategies and programme areas.

2. The UNDP advisory note was based on the recommendations of the Niue Strategic Development Plan, Niue Economic and Social Review, Niue National Environmental Management Strategy, and the draft national human development report. These documents clearly express the Government's wish to ensure sustainable economic growth and human development, and to emphasize the goal of self-reliance through the development of human resources and livelihood opportunities in an expanded private sector. An October 1996 meeting of the Government, private sector, non-governmental organizations (NGOs) and UNDP as the only donor represented in Niue, provided suggestions on the thrust and direction of future UNDP interventions, and reached agreement on the priority thematic areas for UNDP cooperation in the next programme period as reflected in the UNDP advisory note.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. The Government of Niue is fully committed to the basic principles of sustainable human development (SHD), viewing people both as participants in the process of development as well as its ultimate beneficiaries. The need to develop SHD capacity by integrating environmental and social concerns into economic planning at all levels is clearly recognized.

4. Niue enjoys one of the highest living standards among the Pacific island countries, with no immediately visible signs of poverty or inequality. The Pacific Human Development Report (1994) calculated Niue's human development index value at 0.879 which, according to the Human Development Report 1996, ranked Niue as 36 in the high human development category. This relatively high standard of living is, however, largely a result of high levels of assistance from New Zealand. The Government is concerned that reductions in assistance will impede the country from becoming self-reliant. A key constraint to economic development has been the allocation of a significant portion of capital inflows to sustain the dominant but unproductive public sector. The private sector, now regarded as "the engine of growth", was previously left without support or room for expansion. After a long economic recession beginning in the early 1990s, Niue undertook several investment projects, mainly involving tourism, during 1995-1996 that had significant spin-off effects on local employment and the retail sector.

5. The Niue Strategic Development Plan proposes the following national objectives in pursuit of the development goal of a sustainable, self-reliant community: (a) to sustain a viable tourism industry; (b) to sustain a viable agriculture, fisheries and forestry base; (c) to sustain a viable private

sector; (d) the development of human resources; (e) the conservation and sustainable utilization of cultural values; and (f) the conservation and sustainable utilization of the environment. In order to free up resources and stimulate growth, the Government's strategy has been to drastically reduce the public sector while promoting the private sector through direct support (i.e., grants and loans) and indirect support (i.e., an enabling tax regime). The rationale has been to shift the balance away from an oversized and unsustainable public sector to the expansion of sustainable income and livelihood opportunities in the private sector. The main emphasis in the Niue Strategic Development Plan is on the two sectors with the greatest potential for private sector growth: tourism and the primary sector.

6. While inequality and poverty are not an issue in Niue, there has been growing evidence of vulnerability and inequality among women and youth due to a lack of wage-earning jobs. Men, too, have experienced some disadvantage because of a generalized lack of versatility in job skills. Many families are suffering hardship brought on by economic reforms, and many more will have to fall back on other livelihood options (primarily in the subsistence sector) that had been neglected due to plentiful assistance and the availability of government jobs. With free access to New Zealand and Australia, migration remains an attractive option for many Niueans. Outward migration directly conflicts with the Government's goal of maintaining a living community, which can not be realized unless population decline is arrested or reversed, which in turn depends on the availability of private sector employment and livelihood opportunities.

7. The creation of a dynamic private sector demands a much greater injection of capital, entrepreneurship and technical skills and support; an enabling policy environment; and improved transportation, without which the sector will not satisfy current expectations and livelihood requirements. In addition, Niue has some major natural drawbacks such as its limited agricultural potential; a small and unstable population that restricts the domestic market; and physical isolation, being located outside the main international transportation networks.

8. An overall constraint in the private sector is the lack of necessary technical and management skills to enable effective use of business opportunities and create new ones through, for example, production diversification. Other constraints include the lack of access to capital, population density, and limited access to land due to title problems. The smallness of the domestic market, poor anchorage and uncertainty of long-term air and sea transportation provide other major disincentives for larger-scale commercial production.

9. The loss of public sector employment in recent years has increased the urgency of expanding productive employment and other income-earning opportunities in the private sector, especially the tourist industry, which represents the greatest potential for stimulating economic growth. The number of visitors has been steadily declining, however, from a high of 3,358 in 1993, to only 1,527 in 1996. While this has been blamed on irregular flight schedules and expensive fares, in fact inadequate facilities and physical isolation pose the main obstacles to tourism. Promising options for development of this industry include eco-tourism, diving and cave tours, and making Niue a stop-over destination for island hopping.

10. An important constraint to tourism development so far has been a lack of data and the absence of a tourism plan. The UNDP/World Trade Organization (WTO)-assisted Tourism and Private Sector Development Programme, however, started in February 1996 with the formulation of a strategic tourism plan. This plan, which was finalized at the end of 1996, concluded that tourism presented the single most important opportunity for Niue's development, and that fully exploiting the tourism potential needed to be a major focus.

II. RESULTS AND LESSONS OF PAST COOPERATION

11. The fourth country programme for Niue, which covered the period 1992-1996, focused primarily on four areas: (a) tourism and private sector development; (b) health services; (c) management development; and (d) the creation of Niuean dictionaries. Support for the health sector included a United Nations Volunteer (UNV) programme Medical Officer working in the Health Services Project. Management development specifically dealt with improving the Government's computer information system, again assisted by UNV, under the Improvement of Government Services Project. The creation of new Niuean bilingual and monolingual dictionaries is being supported under the Niuean Dictionary Project. Most projects in the country programme were executed nationally. National execution has proven to be efficient and relatively problem-free. In accordance with the Government's wishes, the national execution modality will continue during the period covered by the first CCF. In light of Niue's remoteness from the UNDP office in Apia, national execution is also viewed as the most cost-effective way to execute programmes, since travel costs to Niue are high.

12. While support for the health sector, management development and the dictionaries project were ongoing activities, it was not until the mid-term review in April 1995 that it was decided to programme remaining UNDP funds into an integrated programme for tourism and private sector development, linked in a programme approach with support from other development partners.

13. A concern regarding the fourth UNDP country programme that emerged from the mid-term review was the lack of an effective counterpart system, resulting, among other things, in UNV specialists filling line positions in the health and other sectors with little capacity-building impact. The mid-term review concluded that interim UNV placement should be phased out by the end of 1996.

14. From an SHD perspective, the review concluded that development of the private sector was of greatest relevance to the Government's priorities and to the UNDP mandate, and that tourism was also particularly relevant due to its potential for contributing to economic growth and employment creation. Targeting of employment creation was greatly reinforced towards the end of the programme as a result of job cutbacks in the public sector that threatened a deterioration in living standards and further out-migration if no alternative employment or livelihoods were found for redundant public servants and school leavers.

15. UNDP regional cooperation during the last programme period included the Basic Education and Life Skills Programme, the Equitable and Sustainable Human Development Programme, the Pacific Water and Sanitation Programme, the South

Pacific Disaster Reduction Programme, and the Small Enterprise Development Programme as well as the South Pacific Biodiversity Conservation Programme and the Capacity-Building for Sustainable Development Programme. Under the Fifth Inter-Country Programme for Asia and the Pacific (1992-1996), Niue also participated in the region-wide project to strengthen multisectoral responses to HIV/AIDS in Asia and the Pacific.

16. The Government feels that Niue has not benefited sufficiently from Pacific regional programmes and that its participation and benefits should be further maximized. This can be achieved through the Government becoming fully informed of what programmes are available, and its greater involvement at the early stages of programme implementation.

III. PROPOSED STRATEGY AND THEMATIC AREAS

17. The CCF capitalizes on the strengths of UNDP as identified by the Government and other development partners: (a) neutrality and impartiality; (b) ability to involve a variety of actors in the development field; (c) multisectorality; and (d) linkage of global and regional development concerns and country-specific actions. In building its national SHD capacity, the Government also recognizes the strategic value of UNDP resources, particulary in view of the mandate embodied in Executive Board decision 94/14.

18. In developing an overall strategy for UNDP cooperation, the Government seeks to achieve a balance between the mandate and comparative advantage of UNDP on the one hand, and the development priorities of Niue on the other. Based on the SHD situation in Niue, an integrated strategy for improving the quality of life would need to increase sustainable income and other livelihood options as well as improve access to them, prevent environmental degradation, and prevent further out-migration. While women are relatively well integrated into mainstream development activities, there is still a need to ensure that the strategy does not result in inequitable distribution of goods and services, nor in the marginalization of women or other more vulnerable groups, such as youth.

19. Such a strategy fits well into the UNDP mandate, particularly the two priority areas of job creation and sustainable livelihoods, and protection and regeneration of the environment. The UNDP areas of focus are closely in tune with national priorities, and job creation and sustainable livelihoods matches the Government's economic strategy, therefore supports tourism and private sector development and the diversification of economic activities.

20. To achieve cost-effective and sustainable results, the strategy also aims to ensure that all necessary policy, capital resources and personnel requirements are considered and provided within a coherent programme framework. Such an approach has been applied with good effect to the design of the current Tourism and Private Sector Development Programme, which will serve as a model for formulation of the programme areas.

21. It is proposed that UNDP cooperate with the Government of Niue in two areas: (a) employment creation and income-generation opportunities in tourism and the private sector; and (b) increased employment and production

possibilities in the primary sector. These two areas are the major driving forces for sustainable economic growth. Tourism has contributed significantly to the economy but has not yet been developed to its full potential. The Government envisages that by building on the island's major comparative advantage, further development and expansion of the tourism sector will increase that sector's contribution to the economy and create employment opportunities both directly and indirectly through spin-offs in other sectors, particularly the informal and private sectors. The Government therefore proposes that, while UNDP resources will tentatively be used in a 70/30 ratio respectively in these two thematic areas, priority will be given in the first place to employment creation in tourism and the private sector.

22. UNDP support in both thematic areas will be linked closely with assistance from New Zealand and other donors within a programme framework. Under the UNDP regional programme for Asia and the Pacific, Niue will benefit from assistance through the forestry, fisheries, fruit fly control, agriculture, tourism and environmental management components of the planned Environment and Natural Resources Management Programme, as well as under the Private Sector Development Programme and others.

A. Employment creation in the private sector

23. Employment creation in tourism and the private sector is the highest national priority and the core of the Government's approach to halting further out-migration, and to promoting repopulation in the future. Since severe poverty does not exist, the emphasis is on poverty prevention through the creation of jobs and sustainable livelihoods. The Government is seeking UNDP assistance in achieving its goal of creating a sustainable, self-reliant community, united within the framework of a dynamic economy, while recognizing the importance of its environmental and cultural heritage. The Niue Strategic Development Plan identifies tourism as the economic sector with the greatest potential for job creation and long-term sustainable development because of its multiplier effect on jobs, income generation and on other commercial activities. It also has possible linkages with the agriculture and fisheries sectors, which are currently fragmented, small-scale and, with the exception of taro exports, predominantly geared to local consumption.

24. UNDP is already involved in the tourism sector through the Niue Tourism and Private Sector Development Programme, which includes the formulation of a strategic plan for tourism development on the island. The Government will utilize UNDP assistance in implementing key components of the plan under the new CCF. The strategic plan is an integrated programme with the objective of charting a path for tourism and private sector development over the next five years. It contains policy issues, guidelines and proposals to be considered, along with associated strategies for their implementation in a manner that is fully compatible with the overall objective of improving the quality of tourism both with respect to the profile of demand as well as the product on offer. The aim is to increase the contribution of this sector to the nation's economic and social development, while minimizing any possible socio-cultural and environmental impact.

25. The Government will concentrate UNDP support on technical assistance and training. Regarding the former, four areas have been pinpointed for support: (a) review of options for improving the harbour facilities and operations; (b) a study of the potential for whale, dolphin and turtle tours, and a study of the potential for developing game and sports fishing operations; (c) an annual review of the implementation of the overall tourism and private sector programme; and (d) the development of a tourism master plan. Training consists of workshops for tourist accommodation personnel and the growers' association, study tours and workshops for tour group operators and involvement in the creation of a tourism database for the Government's Planning and Development Unit.

26. Choosing employment creation in the private sector as the main area for future support, with an emphasis on tourism, enables national resources to be effectively merged with external assistance in support of tourism and private sector needs, and enables other donors/agencies to play a role in the programme and provide additional inputs in a systematic and complementary way. This is already happening with New Zealand contributing substantially in infrastructural and other capital works, while UNDP support has been directed towards planning the establishment of the national administrative management and financial support structure for the tourism industry.

27. With respect to new UNDP regional programmes, there are strong possibilities of Niue participating in the tourism component of the Environment and Natural Resources Management Programme. Areas of focus in this programme are: development of marketing networks for ecotourism operators; training programmes for small-scale ecotourism and specialized tourism enterprises; and programmes to share "lessons learned" from existing ecotourism ventures and to provide policy guidance for future enterprises.

B. Increasing employment and production possibilities in the primary sector

28. The Niue Strategic Development Plan provides an indication of what the Government wishes to focus on in the primary sector. For agriculture the priority is to encourage import substitution (mainly with regard to food) while developing two to four export items. For fisheries, import substitution is also important, together with a deep sea resource sustainability study. In forestry, the priority is to reassess the sector goals and programme financing while establishing a forestry management training programme. The Government intends to develop comprehensive plans for these and other economic sectors.

29. Increasing employment and production possibilities in the primary sector is a major government priority that is fully in line with the UNDP SHD approach. About 70 per cent of the population live in villages but, in the past, only 10 per cent had been listed as farmers. Big cuts in public sector jobs, however, have spurred a revival in agricultural activities, as reflected in increased production of primary commodities, particularly taro. The Government, under its current economic strategy, is committed to stimulating village agricultural production through diversification, and plans to take strong measures to ensure that this is not done at the expense of water resources and

the environment. It is particularly important to ensure adequate safeguards for the environment given its fragile nature and small size, and the Niue National Environmental Management Strategy will be continuously taken into consideration.

30. Apart from its potential for commercial production, food security (i.e., home food production) and improved nutrition, the primary sector also has important linkages to tourism in terms of fresh produce handicrafts, and other products. The UNDP-funded International Labour Organization (ILO) study that focused on small business opportunities for farmers was intended to identify specific areas for UNDP support within the framework of the next programme period. In addition to training, technical assistance will be required for (a) a study on the establishment of primary sector cooperatives, leading to (b) assistance in establishing cooperatives; and (c) assistance in primary produce marketing and related aspects such as quality control, packing, treatment and storage. In examining the factors affecting sustainable economic growth and human development, it is evident that the two main barriers are overlooking the importance of environmental management and gender issues.

31. Both thematic areas of emphasis for future UNDP cooperation have environmental implications for natural resources and the ecology. The impact on the fragile fresh water lens of agriculture involving deforestation, monoculture and overuse of chemicals are of concern. Future programmes will integrate the overall target of economic growth, job creation and poverty prevention with the need to protect the environment. With regard to the Government's National Environmental Management Strategy, Niue is already benefiting from assistance under the Capacity 21-funded regional programme on Capacity-Building for Sustainable Development in the South Pacific. In addition, a biodiversity adviser is working under the UNDP Global Environment Facility (GEF)/Australian Agency for International Development-funded South Pacific Biodiversity Conservation Programme to assist in establishing a community-based biodiversity conservation area, while a second specialist is working in the national Environment Department.

32. Although women are well integrated in Niuean society, the Government will ensure that future programmes specifically support measures for their advancement. UNDP will provide support by drawing on its own global experience as well as the expertise of the United Nations Development Fund for Women (UNIFEM) and will support initiatives arising from the Fourth World Conference on Women. Future programme activities will also involve the participation of established women's interest groups, recognizing that the different roles and attitudes of men and women have a significant impact on development, which affects men and women in different ways. Care will be taken in focusing on gender and the integration of women in development as a cross-cutting theme to avoid further burdening women, and emphasis will be placed on culturally sensitive, more equitable sharing of opportunities and responsibilities in all activities.

IV. MANAGEMENT ARRANGEMENTS

Execution and implementation

33. All ongoing projects in Niue are nationally executed, and the Government will continue this for programmes under the new CCF, enabling national capacity to be built in the process of both programme formulation and implementation. This will ensure linkages between programmes, and provide an effective mechanism for coordinating development partner inputs. National steering committees have been a successful modality in providing guidance in activities of a multisectoral nature, particularly in relation to regional programmes, and will be used further in the next programme period.

Monitoring and evaluation

34. The United Nations Consultative Committee on Programme and Operational Questions (CCPOQ) Guiding Principles for a Monitoring and Evaluation Methodology for the Programme Approach will be followed and ensure that major aspects of the programme approach are integrated into the CCF right from the start, and will cover the conditions for monitoring accountability. The new programmes will be subject to these monitoring and review processes and to annual tripartite reviews, the main purposes of which are to evaluate progress and to decide on necessary improvements. The overall CCF will be subject to a triennial review at which progress will be evaluated and decisions made on the balance of programmable resources.

Resource mobilization

35. Resource mobilization targets for Niue, projected over the five-year period 1997-2001 are provided in the annex. In addition, government cost-sharing, third-party cost-sharing, and other UNDP-managed funds such as GEF, UNIFEM, UNV and technical cooperation among developing countries (TCDC) may be available.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR NIUE (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	98	
TRAC 1.1.1	207	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	60	
Subtotal	365[a]	
NON-CORE FUNDS		
Government cost-sharing	50	
Sustainable development funds	150	GEF
Third-party cost-sharing	100	
Funds, trust funds and other PSI PDP UNV	260 of which: 150 10 100	
Subtotal	560	
GRAND TOTAL	925[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; PSI = Poverty Strategy Initiative; PDP = Partners in Development Programme; STS = support for technical services; TRAC = target for resource assignment from the core; UNV = United Nations Volunteer programme.